

**THE STRATEGIC TERRAIN FOR INDEPENDENT UNION  
ORGANIZING IN MEXICO'S AUTO PARTS SECTOR:  
OPPORTUNITIES AND CONSTRAINTS\***

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# **THE STRATEGIC TERRAIN FOR INDEPENDENT UNION ORGANIZING IN MEXICO'S AUTOPARTS SECTOR: OPPORTUNITIES AND CONSTRAINTS**

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## **I. INTRODUCTION: INDEPENDENT UNIONISM ON THE PLANT LEVEL.**

The year 1996 was the second year in a row that the "official" state-sponsored labor umbrella group in Mexico, the Congreso del Trabajo (CT), canceled the annual May Day parade in Mexico City. The two cancellations resulted from fear of bringing together hundreds of thousands of workers amidst the devastating economic conditions resulting from the peso crisis of December 1994. It was also the second year in a row in which thousands of workers marched in spite of the CT's decision to cancel. This time, however, the cancellation produced sharp divisions within the CT itself, and led to open defiance by several prominent unions, including the teachers union, the *telefonistas*, and the Federation Goods and Services Unions (FESEBES). Meanwhile, more conservative elements led by the Confederation of Mexican Workers (CTM) supported the CT. The breakaway unions found allies with independent unions outside of official unionism's umbrella group and staged a sizable, if diminished, march.

These incidents received considerable attention from journalists, academics and political actors themselves, and were seen as additional evidence of the unraveling of the corporatist union structure in Mexico and a resurgence of independent unionism. Although the focus on grand movements and peak level politics in Mexico is important and exciting, it can obscure the more fundamental dynamics of labor relations and labor organizing on the local level.

This paper explores the shifting strategic terrain of independent unionism at the grassroots, shop floor level in the automotive parts sector of Mexican industry through comparative case studies of union locals in two plants owned by a single company, Sealed Power Mexicana, a wholly owned subsidiary of Grupo Condumex. Each plant is responsible for the two successive stages of production of piston rings for automobile engines. The first, and older, plant is a foundry in Naucalpan in the old industrial heartland around Mexico City. The second is a newer finishing plant in the new industrial zone of Aguascalientes, some 400 miles to the north. Together, the two plants form a single production operation.

Sealed Power Mexicana is interesting because of its position in the automotive sector, the most advanced manufacturing sector in the country and one that has become the focus of Mexico's export-led program of industrial development. It is an important company that supplies precision internal engine parts to multinational automobile companies, including Chrysler, Ford, General Motors, and Nissan. The automotive industry, which has been central to changing global trade and investment patterns since the late 1970s, had begun to restructure in Mexico well before NAFTA was conceived, and even before the 1982 financial crisis that plunged that country into prolonged economic recession and political upheaval (Morris, 1997).

More interesting, the site of the finishing plant, Aguascalientes, was only recently developed as a major industrial city. Following the pattern of the rest of the automotive sector and much of Mexican industry, Sealed Power Mexicana began operations in the new site in the hopes of escaping its higher cost collective contract and to its higher cost workforce and union in the Mexico City area.

This company is also interesting because the largest official labor confederation in Mexico, the CTM, had previously held exclusive title to the collective contracts of both plants, but lost control of each plant in different periods. Examining the strategies pursued and the options available to the insurgents in the two periods can illustrate a fundamental feature of independent union struggle in Mexico: achieving the recognition of the state to represent a workforce. As well, these two cases can aid understanding of the future challenges to independent union organizing in Mexico.

Two crucial aspects of independent union struggle on the factory level in Mexico are examined here: organizing the union and maintaining it. Organizing a new union local reveals the challenges and opportunities (the strategic terrain) for initially gaining the legal recognition (*titularidad*) to represent the workforce of a particular plant. In the two plants analyzed here the workers fought to win the right of representation from the CTM, and subsequently joined the independent Authentic Workers' Front (Frente Auténtico del Trabajo - FAT). These struggles occurred in different eras and different contexts, but the experiences of each local struggle can help elaborate some general lessons about the prospects for independent organizing in Mexico and elsewhere.

Maintaining the union over time, and especially in the past decade of economic liberalization, increased foreign investment, consolidation of Mexican industry, globalization of production, and rapid changes in product and process technology, poses immense challenges for all labor organizations. For independent unions the challenges may be more formidable because of relatively limited resources. Additionally, the union locals studied here face challenges particular to their respective plants.

## **II. STRATEGY AND SOCIAL CHANGE ON THE GRASSROOTS LEVEL.**

### **A. Crisis and Change in Mexico: Economic Restructuring and Labor Relations.**

Mexico has experienced profound economic transformations over the past decade, including privatization of hundreds of state companies, trade liberalization, and economic integration through the North American Free Trade Agreement (NAFTA) and other multi- and bilateral agreements. These changes, combined with other technological and managerial changes related to flexible production and international quality standards have powerfully impacted organized labor and the working class in Mexico, as elsewhere. The additional impact of successive economic crises in 1982, 1986-87, and 1994 have both directly and indirectly affected the way in which workers and their unions relate to employers and the political system.

The effects of the profound changes on organized labor and the laboring classes generally have been well studied. Many studies emphasize official unionism's considerably weakened state

over the past 15 years. The crisis of official unionism (and unionism in general) in Mexico may open organizational space on other levels and in other areas outside of the state apparatus. The technological and managerial changes in Mexican industry have been thought to harm official unionism. Similarly, the privatization of state-owned industry has quite directly hurt official unions. Finally, the weakening of the historical social pact between the PRI state and organized labor resulting from the fiscal crisis of the state, has been thought to hurt the large centralized union bureaucracy which has traditionally supported the dominant party.

It is on this terrain of broad social, political, economic, and technological change that independent unions must develop strategies for both organizing and maintaining their unions. Although independent unions do not confront all of the same pressures and compromises as the official unions, many of the environmental conditions described above have certainly impacted them as well. They must confront the decline of the social welfare state, the unemployment effects of massive privatization and economic liberalization, changing patterns of investment and ownership, and rapidly accelerating technological and commercial changes. Workers at Sealed Power Mexicana have been dramatically affected by these developments.

### **B. Independent Unionism and the Grassroots.**

In spite of the continuing focus on peak-level actors and organization in Mexican labor studies there have been numerous studies of industries, companies, plants, and union locals. Still, few of these studies have focused on union (or movement) formation and maintenance, particularly at the grassroots level. The most promising approaches to these issues are provided by the social movements literature, particularly those studies that focus on resource mobilization.

Research that goes beneath the surface of peak level analysis has been conducted for particular economic sectors such as the maquiladora industry (Hualde, 1992; Williams and Passé-Smith, 1992; Carrillo, 1991) and the automobile industry (Middlebrook, 1991; Carrillo, 1990; Roxborough, 1984). Also, studies have been conducted on prominent company and factory cases such as the Modelo Brewery (LaBotz, 1992; Bensusan and León, 1991) and the Ford plant in Cuautitlán (von Bulow, 1995; Arteaga, 1990; Morris, 1991). Additionally, some of the major national unions have received great attention, like the telephone workers (Dubb, 1993; Ortiz, 1991), the petroleum workers (Loyola Díaz, 1991), or teachers (Cook, 1996, 1990). However, because independent industrial union locals in Mexico are usually small and less strategically located in the economy, they have received relatively little attention.

One approach to studying unionism, and specifically independent unionism, in Mexico is to focus on large movements or coalitions of unions. De la Garza (1991) identifies two generational cohorts of workers that constituted two great waves of struggles for independent unionism. The “revolutionary nationalists” were children of the revolution, who were in steep decline by the 1970s, but continued to exert a strong ideological influence on militant workers. The “stabilizing development” workers built the Mexican economy during the miracle years. The labor insurgencies of the 1970s were shaped by the two cohorts, while the post-1982 mobilizations were directed only by the younger group. For de la Garza the 1970-1976 mobilizations were a reaction to the apparent decline of revolutionary and nationalist ideals that had favored both growth and distribution, while

the post-1982 mobilizations result not so much from the ideological crisis of the state as from the fiscal crisis of the state.

The lack of any great mobilization of workers in the 1990s likely reflects the convergence of several factors, including the quiescence of the official unions and the transformations resulting from now three successive devastating economic crises. These crises, combined with Mexico's extremely high birth since the 1970s, have produced a newer, younger workforce most of whom have never known anything but economic crisis and neoliberal solutions. Such workers might be called the "fiscal crisis" workers, and are unlikely to be moved by appeals to the ideals of an era long lost. Instead, they are more likely to understand appeals for the basic defense of employment, wages, and working conditions in their own plant or company.

The emphasis on the great movements of the early 1970s and the mid-1980s still might be misplaced. It would be a mistake to assume these attitudes were not prominent prior to 1988, or 1982, or 1976. Roxborough, in his pioneering book on the terminal automotive industry (1984), expends considerable effort to argue that struggles on the local plant level for union democracy and favorable workplace conditions were crucially important. His analysis compared labor struggles and union democracy in official and independent unions. He concluded that independent unions were not always democratic and official unions were not always undemocratic. This research design was reproduced and updated by Tuman (1996), leading to conclusions similar to Roxborough's.

The "great movements" emphasis should also be tempered by concern that the image of independence and authentic struggle on behalf of workers has not always reflected reality. Javier Aguilar's analysis (1980) of the Unidad Obrera Independiente (UOI) and its leader, Juan Ortega Arenas, portrays a movement that was dependent on the state for creating the space and resources to challenge "official" unionism in key sectors, especially autos. Ortega, himself, is portrayed as moderate at best in his militancy, and interested in preserving labor peace as much as any leader of official unionism. By now, it is commonly understood that President Luis Echeverría encouraged some of the elements of independent unionism as counterweights to the CTM and the official umbrella organization, the Congreso del Trabajo (CT).

Nevertheless, de la Garza is correct to observe that independent unionism had suffered sharp setbacks in the mid-1980s, and by 1988 the second of the great movements had been demobilized. By default, the focus of research on independent unionism had shifted. In manufacturing the primary locus of struggle was the plant or company. This coincided with another trend in social science research: the shift of emphasis in the study of popular movements from identity politics to strategy and organization.

More recently, studies like Teresa Carrillo's of women garment workers in Mexico City after the 1985 earthquake have provided a compelling case for the importance of analyzing specific unions. This author's concern with the different, sometimes conflicting, features of the 19<sup>th</sup> of September Garment Workers' Union reflected broader tendencies in recent social science research on popular and grass roots struggle. Because of the reorientation of studies of social movement's to questions of resources, organization, and networks (strategic terrain), this literature provides an

important focus of the study of independent unionism in more traditional industrial and economic settings. Carrillo specifically identifies several important ingredients in the struggle for independent unionism in Mexico City's garment industry: profound catalytic events, the inherent weakness of the official union structure on the local and plant level, and expert advice and coordination (networks). Based on the experience of Sealed Power Mexicana, timing (or serendipity) and management acquiescence (tacit support) have proved important.

Still, the struggle for recognition should be considered as only one (albeit, foundational) moment in the struggle for democratic independent unionism. After winning the campaign, the independents must continue the more protracted struggle to maintain the union against debilitating forces both within and outside the union. Growing worker apathy, and even antipathy, once the immediate focus of campaign for recognition can undermine all previous sacrifice. Relatively low levels of education, especially, can impede full internalization of the importance and fragility of independent unionism. By the same token, low education levels can limit the capacity of the workforce to maintain high states of alert. Externally, environmental factors such as market conditions, internationalization of production, internationalization of production quality standards, changes in ownership structure, and changes in technology can sweep away years of local independent labor organizing.

### **III. INDEPENDENT UNIONISM AND ECONOMIC TRANSFORMATION IN MEXICO.**

#### **A. Case History Overview: Sealed Power Mexicana.**

Sealed Power Mexicana was founded in the Mexico City industrial suburb of Naucalpan in 1962, the middle of the "stabilizing development" period (roughly 1946-1970). The country's automotive industry consisted of assembly plants operated by multinational companies that imported complete knockdown kits, with some joint venture assembly operations and a number of national suppliers of parts. With both foundry and grinding/finishing operations, the Naucalpan unit performed all functions for the production of piston rings for engines. The firm prospered, particularly after 1964, when the government of Adolfo López Mateos implemented its decree for the rationalization of the automotive industry. This effort attempted to limit the number of assemblers and the number of models produced, and encourage the use of domestically sourced parts through content requirements. The closed nature of Mexico's import substituting economy ensured that automobiles produced there would not be internationally competitive in price, quality, or technology. Still, the automotive decree attempted to reduce the inefficiencies caused by producer and model proliferation.

From the beginning the workforce at Sealed Power Mexicana was organized by workers who were ordered "without any explanation" to affiliate with the CTM, the union confederation that had contracted with the firm before there was even one worker.<sup>1</sup> Such "protectionist" contracts continue

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<sup>1</sup>"Aniversario Sealed Power Mexicana", *VAMEX: Organo Informativo de los Trabajadores del Valle de Mexico*, vol. 1, number 11 (November 1995), pp. 1-2.

to be a common feature of new plants in Mexico especially in those industries linked to international markets. The company later became part of the Grupo Spicer, which itself gained notoriety in the 1970s when it fought a protracted and bitter battle against independent-minded workers in a unit that produced axles.

Grupo Spicer hostility toward independent unionists, and to workers in general, was manifest in extremely authoritarian labor relations at Sealed Power Mexicana as well. However, union corruption also played an important role in worker discontent. Because of both sources of subordination, workers were subjected to excessive work loads, uncompensated overtime work every day, and the need to pay extortion to supervisors to receive pay raises that accompanied promotions. All of this, it is claimed occurred with the blessing of the CTM representative, who rarely visited the plant, except to collect the illicit payoff from the firm.

Through a protracted struggle that included a 30 day strike, and that involved CTM and management complicity in failed attempts to derail the accelerating insurgency, the workers had gained valuable experience and self-confidence in confronting the imposed system of representation. Defeated but not empowered, the workers began to look for a union that would be more representative, and in June 1979 came into contact with the Sindicato Nacional de Trabajadores de la Industria Hierro, Acero, Productos Derivados, Similares y Conexos de la Republica Mexicana (SNTIHA). On November 5, 1979, the workers obtained a favorable resolution from the Federal Conciliation and Arbitration Board (JFCA) recognizing the Sealed Power Mexicana as a section of the SNTIHA.

Yet, conflict within the plant continued. The 1979-1982 period was especially difficult, as the company continued to harass and intimidate workers and the union leadership. It was during this period that plans were made to move all operations to a new site far away from Mexico City. The decision to make the move was no doubt influenced by the advent of a more combative union in Naucalpan, but it should be emphasized that a significant trend of abandonment of the old industrial core had already been established by the early 1980s. The firms at the forefront of this movement were those in the automobile and autoparts industries, that is, those firms that were already establishing links with the international economy.

The reasons for the general abandonment of greater Mexico City as an industrial platform are several. While one important incentive may have been to reduce logistical costs by moving north, closer to suppliers and markets in the United States, most other reasons concern various aspects of labor relations and workforce structure. Specifically, firms were looking to reduce labor costs while simultaneously train a completely new workforce in cutting edge manufacturing technologies and management practices. These new plants would produce for international markets as well as the national market. The plants in the old industrial core were burdened by older workforces who consumed greater health care and were more likely suffer absences due to illness or injury.

New workforces hired straight off the farm in remote locations were expected to be healthier and more energetic with lower rates of absenteeism. The older workforces came of age in a different era, and consequently had different expectations and experiences of union militancy and of the structure of work processes. It was thought that new workforces would be more docile for the lack

of union experience, and that they would be more easily trained for lack of expectations of factory work. Finally, the wages determined by collective contracts of the older plants could not be lowered to the levels that prevail in that segment of the labor market that was unregulated by longstanding collective bargaining. It was easier to build new plants with new contracts that specified prevailing market wages for industrial labor, than to attempt to lower the relatively high wages paid in the old industrial core. Because decades of contract and wage negotiations had fixed industrial wages at levels far higher than could be obtained on the open market, employers were anxious to take advantage of lower wages elsewhere as they expanded capacity.

The loss of managerial control to the new independent union at Sealed Power Mexicana gave management a new incentive to move operations in the early 1980s. The company proceeded to buy two tracts of land on the outskirts of Aguascalientes in 1981 and broke ground for two new plants the following year. Over the Christmas holidays of 1983-84, when most workers in Mexico take a two week break, the firm secretly moved all of the finishing and grinding machinery from Naucalpan to Aguascalientes. They had already signed a contract with the CTM, which represented workers in all industrial operations in the rapidly growing city, and which still represents the workers of all but two companies today (IBM and Sealed Power Mexicana are the only exceptions). As noted above, these types of contracts in new plants with typically official unions before there is a workforce are known as “protectionist” contracts. Having a unionized workforce in place makes it more difficult for groups outside of the control of management to organize a plant. While an official union might not be desirable, it provides stability and predictability. Still, the history of Sealed Power Mexicana and of the Spicer Group suggests that management had a strong aversion to independent unions, at least through the middle of the 1980s.

Sealed Power Mexicana originally opened two plants some distance apart in Aguascalientes, one of which was a foundry and the other larger site was the finishing plant. The abandonment of the Naucalpan site, with its older workforce and independent union, was well under way. However, problems arose, particularly related to employee training and retention. Piston rings require extreme precision, which in turn requires a workforce with considerable expertise and experience. The company soon discovered one important limitation of pioneering a greenfield site: a workforce drawn largely from agriculture which was not accustomed to the discipline of industrial production. Through 1994, workers often returned hours late from lunch breaks, or simply never returned. Nor did these newly contracted workers have sufficient training and experience. Quality suffered as did output; and the company continued to rely on the plant in Naucalpan to fill orders.

Two years after opening the Aguascalientes facilities an upturn in the automobile and motor manufacturing market further frustrated plans to close the older plant. Although the domestic market for finished autos contracted in 1987-1988, the growth of exports of both vehicles and engines continued. However, other important developments occurred since 1984. The company had been bought in 1982 by the Grupo Condumex, a large conglomerate with a number of companies in various industries, including auto parts and textiles. The general climate of hostility persisted, however, until 1985 a new labor relations director from another Condumex company had been appointed to Sealed Power Mexicana. The new director brought a new cooperative philosophy of labor relations. He was receptive to the independent SNTIHA at the Naucalpan plant, and proceeded



to pacify the hostile relations that had existed since 1979. By the late 1980s, the SNTIHA quietly approached the Director of Labor Relations to gauge his reaction to possible attempts to win title to the contract at the Aguascalientes plant from the CTM. The Director responded that he would neither help nor hinder activities that were essentially inter-union.

The SNTIHA strategy was to pursue a discreet campaign of constituency building in the two Aguascalientes plants, before bringing its demand for *titularidad* out into the open. In 1991 the workers in both plants filed individually into the office of the Director of Labor Relations to declare which union they preferred, the CTM local or a new local affiliate of the FAT, the national federation of the SNTIHA. Because of this latter's reputation for combativeness, the new local chose a different name, the Sindicato de Trabajadores de la Industria Metal-Mecanica, Acero, Conexos, y Similares (STIMACS) and nominally distinct leadership.

Since the transfer of title, the company has closed its foundry, the smaller and redundant unit, in Aguascalientes. The increasingly stringent quality standards of the automobile transnationals made the new foundry unfeasible. Today the company still discards some 10% of its production. Internationalization of production and distribution as well as changing technology continue to pressure the company to remain competitive in both cost and quality. Its remaining two plants, some 400 miles apart, perform the two distinct, but integrated, phases in the manufacture of piston rings for automobile engines.

## **B. The Naucalpan Struggle of the 1970s.**

The struggle for independent union representation at the Naucalpan site at the end of the 1970s and its consolidation through the mid-1980s was marked by several important features, some of which were reflected as well in the later struggle for the Aguascalientes plant. These features also characterized other struggles, such as the Hojalata Mexicana tin cutting and food container plant in Mexico City (Morris, forthcoming) and in the 19<sup>th</sup> of September Garment Workers' Union described by Carrillo (1991). Of the core features in the struggle for independent unionism in Mexico listed above the ones that were most relevant to the Naucalpan plant were: profound catalytic events, the inherent weakness of the official union structure on the local and national levels, expert advice and coordination (networks), fortuitous timing. The only factor discussed above not present in this struggle was management acquiescence.

The strike of May-June 1978 was the first of two successive mass movements that propelled workers to take more proactive measures to ensure the integrity of their workplace. This unexpected turn of events exposed the fragility of the system of CTM labor control and demonstrated to the rank and file their own power to shape the workplace. The workers in the original plant in Naucalpan had suffered years of abuse, repression, and criminal illegality on the part of the union and the company management. Finally, at the beginning of 1978, during the decline of the first major wave of independent union struggles, the workers at Sealed Power Mexicana began to organize independently of the CTM leadership in order to better represent themselves during upcoming contract renegotiations. In May, when the collective contract expired without resolution of the issue of wage increases, the workers staged the first strike in the history of the union. After a protracted strike lasting thirty days, the workers won a 16 percent salary increase.

But the struggle produced other results. For the first time the workers had taken control of their union and challenged management directly. Still, the harassment of workers and increasing work loads continued. The workers took their complaints and demands for a new strike to the Section Leader of the CTM, who disregarded them in spite of promised action. Frustrated, and not knowing how to proceed, some of the workers began attending the Union School (Escuela Sindical) that had just begun at the local union at the Harper Company. In an admittedly disorganized fashion, the workers who attended these discussions of factory organizing began to convince their comrades to change their union affiliation.

Almost a full year had passed, and the annual salary revision date of May 17 was approaching. The workers' demand for a 20 percent increase was disparaged and impeded by representatives of the firm, the labor court (suspected of being in the pay of the firm), and the "charro" union delegate who represented them. After another protracted struggle, the workers were awarded a 17 percent increase, and a 3 percent "retabulation" of salaries. Afterward, the workers convened a general assembly, for which they had prepared to depose their local CTM leader for his obvious attempts to restrain the workers' wage demands. As the proceedings heated up, this local leader declared that if the workers were unhappy with him, then they should go to the section leader to request another delegate. When asked if the local leader should go, the workers unanimously shouted, "yes."

The workers never went to the CTM section leader again, and instead decided to distribute the forms for changing union affiliation. They convened a general assembly on June 23 at the union offices of the Euzkadi tire and rubber company. After several other meetings over the next few days in which the vast majority of workers signed the petition, the management began firing individual leaders: first the new union delegate, then the subdelegate. When the latter went to tell a third insurgent leaders what was happening, these two decided that management would have to drag them out of the plant. They sat down on the floor and locked arms. As word spread throughout the factory, all the workers stopped their machines to witness the proceedings. Finally, Martinez and Lopez agreed to leave, but did not accept their severance payments. On the second shift, similar actions took place. But the workers decided during a meeting the following Saturday to return to work on Monday. When they entered en masse, they were greeted by management. Recognizing that they had lost control of the situation, they decided to rescind the terminations and to accept the newly independent union.

### **C. The Aguascalientes Campaign of the 1980s.**

The campaign in the Aguascalientes plant actually began in 1988, when the Secretary General of the Naucalpan plant asked the Director of Labor Relations if he would oppose efforts to win title to the collective contract from the CTM local. The latter replied that he would neither support nor oppose any union actions, as long as they did not affect plant operations. The campaign entailed two phases: secret constituency-building followed by an overt legal challenge. The constituency building campaign is the more interesting phase, because it demonstrates the delicacy of winning worker support, and the danger of moving too fast, even where the incumbent official union may not be well

regarded or strongly supported. In general, several features of the organizing drive stand out. First, a social network existed that linked workers in the new plants with workers in the old plant. Second, organizational resources provided by the FAT and SNTIHA supported a campaign that had to be waged some 400 miles away. Third, the dedication and knowledge of individual leaders was crucial to make the most efficient use of scarce resources. Fourth, Sealed Power Mexicana's progressive but hard-nosed labor relations managers eliminated a force that could have easily undermined the insurgents' efforts. This progressivism may have been reinforced by market conditions and the low levels of worker performance under the CTM.

The leaders of SNTIHA and the FAT had access to the workers of the new plants as soon as they opened. Because of the lack of skilled and dependable workers in Aguascalientes, the company was forced to hire workers from Naucalpan, a pattern of networking that has occurred elsewhere in Mexican industry. This type of informal personal connection was instrumental in the independent union movement in other metallurgical plants in Mexico City (Morris, forthcoming). It was also said to be a concern to General Motors management in its new plants in the north in Ramos Arizpe, Coahuila. In this latter case, militant workers belonging to an official, but democratic, union in Mexico City attempted to infiltrate the workforce of the new sites in the early 1980s.<sup>2</sup>

Having established communications with some workers in Aguascalientes, the SNTIHA leaders began making regular visits there to hold secret meetings in private homes. The goals were to communicate the greater benefits of a democratic and independent union, and to convince the workers that taking the collect contract away from the CTM was possible. The insurgents were aided by the presence of two distinct personalities each of whom headed one of the two local unions. The smaller unit, the foundry, had a CTM local whose general secretary understood the weaknesses and injustices of the CTM and was sympathetic toward the independents. The Secretary General's assistance, combined with the smaller size of the workforce, greatly facilitated bringing the rank and file over to support the independents.

At the finishing plant, the opposite conditions prevailed. The workforce was much larger and the union's secretary general was well known for his vanity, corruption, and laziness, the very stereotype of official unionism's leadership. Organizing this plant required extra care and secrecy, and greater effort because it lacked the support of the local's secretary general. Organizers from the Naucalpan plant made numerous trips to Aguascalientes to meet with small groups of workers to win their support for a petition to change the union. The insurgents then convinced the secretary general to hold a voice vote to reaffirm his leadership of the local. Assured of his victory, he acceded. To his surprise all but one worker voted him out, in favor of a candidate who supported changing the union.

The final stage involved petitioning the federal labor court (Junta Federal de Conciliación y Arbitraje) to change union affiliation. The Junta invited representatives of the firm, the CTM, and the FAT to witness and record the vote of each worker in private. Each worker entered the Junta chamber where the officials were seated and were asked to choose the CTM or the independents. The

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<sup>2</sup>Interview with the Director of Labor Relations, Sealed Power Mexicana, July 1996.

setting was designed to intimidate, but the long period of organizing and training paid off with an overwhelming vote for an independent union.

#### **IV. PRESENT AND FUTURE CHALLENGES.**

The massive geographic relocation of Mexican industry away from the old industrial heartland in and immediately around Mexico City to new sites in the north over the past decade has been motivated by a variety of factors. Generally, such “greenfield” sites promise young workers who are relatively stronger, consume less health care and sick time, have no tradition or experience with union activism, and have few preconceptions regarding the organization of work. The generally great distance from the old industrial heartland, also makes it difficult for unions there to establish contacts with their comrades in the new sites, even if they work for the same company. These characteristics generally constitute clear advantages to employers, who have more recently been engaged in fundamental restructuring of work processes and quality assurance. They also pose serious challenges to organizers hoping to find workers who are both sympathetic and responsive to union appeals. Although this process began at the onset of the 1980s (marked by the Great General Motors Strike of 1980 in Mexico City), it is ongoing. Because Sealed Power Mexicana’s move to Aguascalientes occurred early in this process (1983-84) and because it was only a partial or incomplete transition, it provides an excellent case of a company and a local union that continue to struggle with independent unionism in a globalized industrial environment.

A number of challenges confront the independent unions at the two Sealed Power Mexicana plants, some of which are shared, and some of which are specific to each union. These challenges primarily fall into two groups: internal and external challenges. The internal challenges concern the composition of the two workforces, the nature of the leadership, the workers’ and leaderships’ understanding of company operations and ability to respond to future plans, and rank and file understanding of the need for effective leadership. The external challenges to union survival mostly concern the structure of the marketplace and competition, pressures on management to further reduce costs and continue to raise quality.

##### **A. Internal Challenges.**

In general, the differences in the labor force characteristics that were expected between the two plants in Naucalpan and the new plant in Aguascalientes were present. Specifically, as Table 1 shows, the Aguascalientes workers are significantly younger, and have much less time with the company. They also count many more women, though the only reason to consider this an internal challenge to the maintenance of the independent union is if the gender discrimination undermines unity. This may not be insignificant since the executive committees for the Aguascalientes plants for two contract periods (1994-1996 and 1996-1998) were composed entirely of men.<sup>3</sup> In Naucalpan, the 29 workers surveyed had an average age of 33.2 years, were all male and had worked for Sealed

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<sup>3</sup>Source: Collective Labor Contracts for plants, 1994-1996 and 1996-1998.

Power Mexicana for an average of 9.34 years. In Aguascalientes the 48 workers surveyed had an average age of 26.4 years (6.8 years younger than in Naucalpan), 31 were male (65% versus 100%), and had worked for the company for 4.65 years (almost exactly half the seniority of the Naucalpan workers).

<b>TABLE 1</b>						
<b>Labor Force Structure, Sealed Power Mexicana, Naucalpan and Aguascalientes Plants, 1996</b>						
	<b>Number Workers</b>		<b>Average Age</b>	<b>Sex**</b>		<b>Years with Company</b>
	<b>Total*</b>	<b>Surveyed</b>		<b>Male</b>	<b>Female</b>	
<b>Naucalpan</b>	82	29	33.2	29	0	9.34
<b>Aguascalientes</b>	312	48	26.4	31	15	4.65

\*Figures come from collective contracts for different years: Naucalpan, 1994-1996; Aguascalientes, 1996-1998. In actuality, the Naucalpan figure is around 65.

\*\*Numbers do not add up to total surveyed in Aguascalientes because several respondents did not specify sex.

The composition of each workforce poses distinct challenges for the SNTIHA (Naucalpan) and the STIMACS (Aguascalientes) locals. For Naucalpan, the main challenge is the company's need to reduce the cost of the labor force. In general, older workers are less physically able to withstand the rigors of industrial production, so their productivity on the job may be lower, and they are more likely to lose time because of illness or injury. This might not be case in this instance, but these are the sorts of patterns that companies scrutinize, so any increase in lost time or lower productivity will be noticed immediately. Indeed, a central motivation for moving to greenfield sites is to jettison high cost labor forces at old sites. Compounding the problem, workers with greater seniority tend to earn more as a result of regular percentage increases, and this does not even take into consideration that workers in Mexico City throughout the automotive sector have enjoyed wages considerably higher than in the new sites.

Consequently, the Naucalpan plant has constantly operated under the threat that it would close. The high cost of the older workforce was illustrated powerfully in June-July 1996 when the company forced the union to eliminate one full-time paid position for union representation. Mexican labor law requires that employers provide adequate paid time for union officers to conduct official union business. Because the workforce in Naucalpan had been gradually reduced to about 60 workers, the company insisted that it was uneconomical to pay for two full-time representatives. Because the representative who lost his paid union position was in his fifties and was not physically capable of returning to work in the foundry, he was forced to take early retirement, payment for which is very small.

The challenges in Aguascalientes are quite different. The relative youth of the workers and their short tenure with the firm preclude greater experience with union struggle and with factory life.

Few workers were with the firm when SNTIHA and the FAT waged its campaign to win the contract. Because few experienced the abuses of the CTM local and regional leadership, they have less appreciation for the preciousness and fragility of their independent union. Indeed, elections for the executive committee were scheduled for the Fall of 1996, and the expressed fear of the incumbent executive committee and the national leadership of the SNTIHA was that some young and popular worker with no sense of the gravity of the office would win and undo everything that had been built.

Even the members of the executive committee seemed somewhat unsuited to the demands of their roles as representatives of an industrial workforce of over 400. At one of the biweekly conferences between the executive committee and the labor relations management staff in July 1996, the members could think of only a few, relatively inconsequential issues. Heading the list was soap in the lavatories, followed by complaints about uncomfortable safety shoes distributed by the company, and the unreliability of the identification machine that scans palms in the cafeteria. Probably issues worth addressing, but the members were hard pressed to even think of these, and the labor relations manager privately scoffed what he thought were inanities. It should be noted that this person explained the lack of substantive issues as a reflection of the high level of benefits that the company provides. The bathrooms, he said, recently had been remodeled at considerable expense, and that very few companies even provide safety boots to workers.

The leadership issues are not restricted to the local in Aguascalientes. The national leadership, while generally quite capable, also displayed some lapses in perceiving important activities on the part of management. On the positive side, the national leadership seemed dedicated, making twice monthly trips to the Aguascalientes site to hold regular meetings with management and displaying a rectitude that was confirmed by all parties. None of the activities that have made stereotypical official unionism so infamous were in evidence.

Still, the national leadership showed surprising disregard for important, potentially threatening, activities on the part of the firm. Additionally, it seemed distant from the rank and file, even discounting workers' ability to behave responsibly. While individual responsibility is a real concern, as with the question of union elections referred to above, it seems that in other areas in which the rank and file's ability to be responsive to requests might be unfounded.

These issues related to the national leadership's understanding of both management and rank and file activities are best illustrated by the use of survey research on worker attitudes. When this researcher asked to distribute a questionnaire, the national leadership expressed extreme skepticism. They stated on several occasions that the questionnaire was too long and too complicated; that low levels of education would make understanding difficult and patience limited.

As it turned out, workers at several plants whose unions are affiliated with the SNTIHA responded to my questionnaire. In some cases there was evident confusion, and some specific questions went consistently unanswered. These instances support the leadership's concern over the complexity of the questionnaire. However, the concerns were exaggerated, especially since workers at several plants affiliated with the SNTIHA answered the questionnaire thoroughly. Furthermore,

it became evident that the workers at Sealed Power Mexicana were answering company administered *quarterly* questionnaires, with up to 40 questions, for the past few years. These examples of the leadership underestimating the capacity of the membership to expend intellectual effort demonstrates important limitations to mutual understanding and solidarity.

Still more striking was that the quarterly surveys of worker attitudes on the “labor climate” conducted by the company’s labor relations office at both plants seemed to be unnoticed, or otherwise disregarded by the leadership. In fact these surveys represent a significant intrusion of the firm into worker and union affairs. While some questions, like the one about the sufficiency of sporting events, may be innocuous, others are not. One question, for instance, asks workers to indicate to what degree the following statement is true: “I am in agreement with my union and my representatives.” Still others ask how workers regard their wages, benefits, and incentives. One question even asks workers to indicate how much they agree with the statement: “Sometimes I do less than is required.”

These questions are extremely intrusive, undermining the union’s ability to claim to speak for its members. Management has a good idea of how much the rank and file supports any union demands for wage and benefit increases, for example. Clearly, these questionnaires represent an effort to bypass the organizational and representational functions of the union in order to gain information directly from the rank and file. Benjamin Ginsburg’s well known critique of survey research (1984) is particularly relevant here. He states that the advent of public opinion research techniques has *transformed* public opinion from a property of groups to a property of atomized individuals, and that this transformation fundamentally undermines interest groups whose main resource is mass organization.

## **B. External Challenges.**

The external challenges to the continued health and survival of independent unions primarily result from the continuing efforts of industrial firms in Mexico to respond to intensifying competition in the global economy. Many of the rings that Sealed Power Mexicana sells to the automobile multinationals are installed in motors that are exported either directly or indirectly in automobiles. This forces the company to continually search for cost savings. In addition, the automobile multinationals are continuing to extend their quality standards on their suppliers. Compounding these issues, the basic technology of ring making is about to make a dramatic change: rings that are currently cast in molds may soon be formed out of spools of more flexible material. All of these changes directly threaten the continued existence of the Naucalpan plant, whose aged structure, with furnaces that are more than 30 years old, is not very efficient. Furthermore, the transportation and communications cost of maintaining two integrated operations so far apart are considerable.

Even the Aguascalientes plant faces massive restructuring if the technology changes to the more flexible ring material. Much of the activity in the plant is dedicated to splitting, grinding, and finishing individual rings. Many of these processes are likely to disappear or at least be dramatically altered, along with existing jobs and job categories. Only one national representative has raised this issue. No other worker or union representative seemed to be aware of it, and there seems to be no union plan to respond to such a massive challenge.

More immediately, the workers at both plants must respond to the quality control policies that are being mandated for suppliers by the U.S. based automobile multinationals in Mexico (Chrysler, Ford, and General Motors). Modeled after the ISO 9000 standards, the automakers program, QS-9000, requires several systems of management, including constant measurement and tracking, identification and correction of faults, materials handling procedures, and preventive maintenance. The program involves extensive training to ensure quality control and tracking at every step of the production process. This, in turn, requires a more stable workforce, a large problem at the Aguascalientes plant until only two years ago. Before then, the plant experienced a turnover as high as 70% annually. Stabilizing and training the workforce can provide important benefits for cultivating union loyalty. Still, the QS-9000 program represents a significant unilateral innovation not only on the part of management, but on the part of the managements of the terminal automobile companies. In essence, hierarchical relations have been strengthened and extended well beyond the company itself, making negotiation, compromise, and even disagreement much more difficult for the union, which is organized only on the individual plant level. Furthermore, given that official unions predominate in the terminal industry, initiatives undertaken by independent local unions are unlikely to be well received in this important sector.

The other immediate challenge to the independent unions at Sealed Power Mexicana is wages. Wages represent a significant threat to the continued survival of the SNTIHA union in Naucalpan, and a more generalized challenge to the STIMACS union in Aguascalientes. Table 2 shows the minimum, the average, and the maximum daily wages paid at both plants under the 1994-1996 contract, and at the Aguascalientes plant under the current contract (1996-1998). Two features immediately stand out. First, consistent with all of Mexican industry, especially the automotive industry, the wages paid in the new industrial zone of Aguascalientes are significantly lower than in the old industrial heartland around Mexico City. Second, the contract revision in the Aguascalientes plant in 1996 caused a precipitous decline in earning power compared to the wage levels agreed upon in 1994.

At Sealed Power Mexicana the average daily wage paid in Aguascalientes of 29.71 pesos is only 55 percent of the wage paid in Naucalpan. The average daily wage in the new plant is much lower than the *minimum* wage paid in old plant (65%), while the lowest wage in the former is less than half the minimum wage in the old plant (46%). Even under the new contract the average nominal wage in the new plant remains below the minimum nominal wage in the old plant.



<b>TABLE 2</b>			
<b>Daily Wages at Sealed Power Mexicana, Naucalpan and Aguascalientes Plants, 1994-1996 and 1996-1998 Contracts (current pesos)</b>			
	<b>Minimum</b>	<b>Average</b>	<b>Maximum</b>
<b>Naucalpan, 1994-1996</b>	45.65	54.08	70.96
<b>Aguascalientes, 1994-1996</b>	20.90	29.71	56.77
<b>Aguascalientes, 1996-1998</b>	29.05	42.97*	82.10

\*Estimated from ratio of average wage to maximum wage under 1994-1996 contract.

Indeed, the effects of successive peso devaluations and economic crises since 1982 have devastated the earning power of the Mexican working class, giving a tremendous boost to companies that export, either directly or indirectly, like autoparts manufacturers. By 1994 Mexican automobile workers were among the lowest paid in the world, behind even the Asian Tigers of South Korea and Taiwan, countries that gained fame for low wages (Morris, 1996). The most recent peso crisis has lowered still further the wage bill for the automotive multinationals. So, the resulting severe contraction of the domestic market for autos, was offset by a dramatic expansion of exports.

The dollar value of wages in Table 3 show that the most recent peso crisis has profoundly undercut workers' earning power. In Aguascalientes the contract negotiated in Spring 1994 paid US\$6.33, \$9.00, and \$17.20 daily for the minimum, average, and maximum salaries. The contract that was just negotiated last year for the 1996-1998 period pays roughly 63% of these levels. Current minimum salary is only 61% of that under the previous contract, while both the average of all workers salaries and the maximum salary are exactly the same at only 63.67% of the previous levels. This loss of earning power of salaries that were already much lower than those in Naucalpan, represents a central challenge for all unions in Mexico, but especially for independent industrial unions because they do not have the political or institutional power of the larger centrals. Precipitous loss of wages through devaluation and currency crises have recurred in Mexico, causing significant benefits to accrue to that sector of the economy that is already the most robust, the export manufacturing sector. But fighting for a more equitable distribution of the economic surplus is difficult for a local union, or even a relatively small national confederation.

<b>TABLE 3</b>			
<b>Daily Wages at Sealed Power Mexicana, Naucalpan and Aguascalientes Plants, 1994-1996 and 1996-1998 Contracts (current US\$)</b>			
	<b>Minimum</b>	<b>Average</b>	<b>Maximum</b>
<b>Naucalpan, 1994-1996</b>	13.83	16.39	21.50
<b>Aguascalientes, 1994-1996</b>	6.33	9.00	17.20
<b>Aguascalientes, 1996-1998</b>	3.87	5.73*	10.95

\*Estimated from ratio of average wage to maximum wage under 1994-1996 contract.

## V. CONCLUSION.

This case study of two plants that belong to the same firm makes a compelling case for distinguishing between two moments of independent union organizing: the campaign for recognition and the ongoing campaign for long term maintenance. Each phase poses specific challenges and opportunities for independent unionism. The recognition campaign is difficult because Mexican labor law and institutions, as well as employers, generally favor incumbent, official unions over insurgent independents. The context of industrial and economic restructuring in Mexico also makes recognition campaigns difficult for an increasing number of new manufacturing plants are located in greenfield sites, specifically chosen for both CTM dominance and lack of industrial working class experience.

Still, some important opportunities exist during this phase. First, the CTM organization tends to be quite weak on the local level. Workers often feel abandoned and even exploited by their own local union. The apathy and even antipathy that workers feel toward their union is the primary asset that independent unions have in winning new affiliates. Additionally, the general mismanagement and ignorance of official union leaders of the problems and dynamics on the local level provide insurgent groups a distinct tactical advantage. These advantages, however, require human agency to be converted into real opportunities. Workers need to actively support initiatives to break away from their official unions and to establish independent unions. This often requires a skilled and dedicated leadership. It also often requires a favorable context, which might include acquiescent company managers, or some dramatic event that might ignite unified worker activism.

Also important in this phase is its relatively short duration and singular focus. Even when the recognition campaign endures for more than a year or two, as was the case of both plants studies, this is short and finite compared to the open-ended nature of the permanent maintenance phase. The finite nature of the recognition campaign results directly from its singular focus on a well defined objective. In the latter phase, there are likely to be multiple competing objectives that are much less clearly defined, which in turn likely impedes developing clear strategies.

Maintaining the union, especially in a period in which macroeconomic policy, international and national investment patterns, and product and process technology are changing rapidly, poses

a continuous series of challenges. While independent unions may enjoy legal status as well as more diffuse benefits of incumbency, the general environment can be hostile, even if management is not overtly so. The two local unions analyzed here confront a series of internal and external challenges. The most significant internal challenge centers on enhancing communication and collaboration between the rank and file (especially in Aguascalientes) and the local and national leaderships. The continuing national dominance of leaders from the Naucalpan plant could undermine rank and file unity. The most significant external challenge for independent unionism in this company, and more generally for the autoparts sector, is the rapidly transformation of the industry. Continuing cost cutting pressures, combined with technological and organizational transformation could easily overwhelm union organizations, especially those lacking significant institutional and political capacity.

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